



Director of
Central
Intelligence

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CPAS/216

CI# 285

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National Intelligence Daily

Wednesday
21 December 1983

~~Top Secret~~

CPAS NID 83-297 JX

21 December 1983

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PLO: Arafat's Intentions

PLO chief Arafat apparently intends to keep his headquarters in Tunis and disperse his forces to several Arab countries, leaving Syria free to use his radical PLO opponents as instruments of its policy in Lebanon. []

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Tunisian officials state that Arafat will eventually return to Tunis accompanied only by a small contingent of noncombatant personnel. PLO officials have mentioned Algeria and North and South Yemen as possible destinations for most of the 4,000 fighters evacuated yesterday from Tripoli. Some reportedly also will go to Iraq. []

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Comment: Arafat has not revealed his immediate plans, and he may make interim stops in other Arab states before arriving in Tunis. He is now the only PLO leader with no organized forces in a state bordering Israel, a fact his opponents will emphasize as a demonstration of his weakness. []

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The radical PLO forces left in Lebanon are composed of Fatah rebels and three PLO groups that have for years opposed Arafat's moderate policies. They provide Syria with additional surrogate forces to confront the Lebanese Army and the Christian militia, or possibly even the Multinational Force and the Israelis. At least some of the anti-Arafat Palestinians are likely to begin to move south soon. []

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Syria and the radicals are now free to put pressure on the Popular Front for the Liberation of Palestine and the Democratic Front for the Liberation of Palestine—the two most important PLO groups after Arafat's Fatah—to join the Syrian-dominated bloc. The two Marxist groups have tried to stay on good terms with both Arafat and Syria. []

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USSR-EASTERN EUROPE: Reactions to Countermeasures

The Soviets are concerned about the failure of East German and Czechoslovak public opinion to support the Warsaw Pact's INF countermeasures. [redacted]

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The military newspaper, *Red Star*, recently carried an article accusing "Western crusaders" of trying to provoke East German and Czechoslovak opposition to Warsaw Pact countermeasures. In Leningrad, a foreign policy lecturer recently said that getting Prague and East Berlin to accept the new missiles had not been easy, asserting there were heated debates—after the decisions had been made—at party Central Committee plenary sessions in both countries. [redacted]

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An official East German petition campaign supporting the new deployments met resistance and was canceled last month. [redacted]

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[redacted] According to Western press reports, underground trade unionists in Czechoslovakia have been circulating a petition opposing the missiles. [redacted]

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Comment: Both East Berlin's and Prague's "peace" campaigns against the West German decision on INF may have caused fears of war that now impede efforts to muster support for Pact countermeasures. [redacted]

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A better organized petition drive probably would have succeeded. [redacted]

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The Soviets probably will urge Prague and East Berlin to make greater efforts to lead public opinion. East Berlin may reduce its stress on the costs of countermeasures, which it has been emphasizing in order to excuse economic difficulties and to encourage aid from West Germany. [redacted]

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Soviet Oil Production

Million b/d

12.5

12.4

12.3

12.2

12.1

12.0	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
	1982		1983											

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USSR: Oil Production Sluggish

Oil production in the USSR dropped substantially during October and November, primarily because of problems in the West Siberian oilfields. []

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Soviet statistics indicate that production during the two months dropped to an average of 12.16 million barrels per day, as compared with an average of 12.36 million barrels per day or more in eight of the first nine months of the year. The production rate also was below the average annual rates for 1981 and 1982. []

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Comment: The higher output levels earlier this year will enable Moscow to come close to its production target of 12.38 million barrels per day for 1983. To reach their goal, the Soviets would need to attain an all-time record high production level of 12.72 million barrels per day in December—a nearly impossible task. []

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The current drop reflects a wide variety of difficulties in the West Siberian oilfields. []

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Even if production again reaches the level of early 1983, many of the problems plaguing operations in West Siberia probably will intensify. With production declining in the older oil-producing regions, sizable increases in West Siberia are necessary to maintain total output. []

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As production growth slows in West Siberia's larger fields, it is becoming increasingly important to exploit the region's smaller deposits. This effort will call for a substantial increase in investment for drilling, pump installation, and well maintenance. []

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LIBYA-FRANCE-CHAD: Status of Forces

Libyan forces in Chad and French forces protecting President Habre's regime appear well entrenched as Habre tries to deal with Chadian dissidents in the south. []

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The French will soon begin to rotate one-fourth of their 2,800 ground troops in Chad, according to the US defense attache in Paris. The French are concentrating on staffing and maintaining Chad's Air Force as well as training its ground forces. Shipment of military equipment already ordered is being expedited. []

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Chadian officials report that negotiations are continuing with a major group of southern dissidents, which the French estimate at 3,500 well-armed soldiers. Dissident leaders are willing to reject Libyan arms and rally to the government, provided they are paid salaries and are not harassed by Habre's northern troops. Meanwhile, Chadian officials are concerned that other dissident factions in the southeast will increase their operations after recently receiving new supplies. []

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With public attention in France diverted to Lebanon, the French appear to be preparing for a prolonged stay in Chad. They are trying to improve the mobility of Habre's forces, while at the same time not enlarging their offensive capability. []

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FRANCE: Controversial Labor Cutback

The decision by the government to permit Peugeot to lay off 2,000 workers has provoked a strike that could weaken the government's resolve to pursue austerity. []

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The government and the company have agreed that the firm will lay off the workers immediately as part of Peugeot's plan for an eventual reduction of 7,500. Peugeot agreed to pay a \$2,500 retraining allowance for each worker laid off. []

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The Communist-led General Confederation of Labor initially accepted the agreement but reversed itself when spontaneous demonstrations broke out. Workers at the affected plant now have been on strike for two weeks. A Socialist-leaning union and the Confederation have attacked the government's decision and are vowing to continue the strike while threatening to extend it to other Peugeot plants. []

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Communist Party leader Marchais has agreed with the decision of Peugeot workers to reject the compromise. He has proclaimed that progress cannot be made "on the ruins of French industry." []

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Comment: This is the first test of the government's willingness to accept the large reductions in employment that are required to restructure industry and accommodate technical change. Similar decisions will soon be required in other industries, including coal, steel, textiles, shipbuilding, and heavy chemicals. []

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The government's actions thus far indicate that it will permit structural change at a moderate pace but will not allow wholesale cutbacks in company workforces. A show of weakness in the face of labor opposition would endanger adjustments in other industries. []

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Communist criticism of the government may be muted because Employment Minister Ralite—a Communist—is officially responsible for the decision. Communist leaders, however, cannot afford to be less militant than non-Communist unionists who are strongly critical of the decision. Unless the dispute is settled soon, more serious strains could develop in the Socialist-Communist government. []

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EL SALVADOR: Preelection Politics

Foreign Minister Chavez Mena is considering whether to accept the vice presidential nomination of the Christian Democratic Party and become Napoleon Duarte's running mate in the election to be held in March. According to the US Embassy, Chavez Mena was the overwhelming choice of the party's nominating convention on Saturday. After initially turning down the nomination, he said he would make his decision by next week.

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Comment: With Chavez Mena on the ticket, the Christian Democrats would increase their chances of winning a first-round majority in the election. He has broad appeal to both leftists and rightists, and he probably would help draw votes away from Duarte's main opponent, far right candidate Roberto D'Aubuisson. Nevertheless, Chavez Mena's personal rivalry with Duarte may cause him to reject the nomination, despite the adverse impact such a move would have on the party.

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PAKISTAN-USSR: Economic Agreements

Pakistan's Finance Minister, who returned yesterday from a visit to the USSR, announced that agreement has been reached with the Soviets on a number of proposals for economic cooperation. The accords reportedly include concessionary financing by the USSR for the construction of a power station and the sale of two drilling rigs to be paid for with Pakistani goods. The Pakistanis have indicated that the value of the new agreements may reach \$400 million. [REDACTED]

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Comment: Both countries apparently have concluded that economic agreements are a noncontentious means of maintaining lines of communication. Islamabad needs the economic aid, and it hopes improved ties will reduce the opportunity for Moscow to justify a more aggressive policy toward Pakistan. With the Soviet-financed steel mill nearing completion, the USSR has been looking for a new means of maintaining an economic role in Pakistan. Although the Soviets probably hope that a continuing dialogue might encourage Islamabad to soften its stand on Afghanistan and offset US influence in Pakistan, President Zia will remain unwilling to compromise his foreign policy positions. [REDACTED]

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GREECE-ROMANIA: Arms Control Initiatives

Prime Minister Papandreou and President Ceausescu, following a meeting in Bucharest, issued a joint communique on Monday calling on the US to stop the installation of Pershing II and cruise missiles in Western Europe and on the USSR to drop plans for counter-deployments. The two leaders agreed to organize a Balkan summit to establish a "denuclearized zone" after a Greek-sponsored meeting of experts is held in Athens next month. Papandreou raised the prospect of further joint initiatives, possibly including joint letters to President Reagan, General Secretary Andropov, and the leaders of the INF basing countries. [REDACTED]

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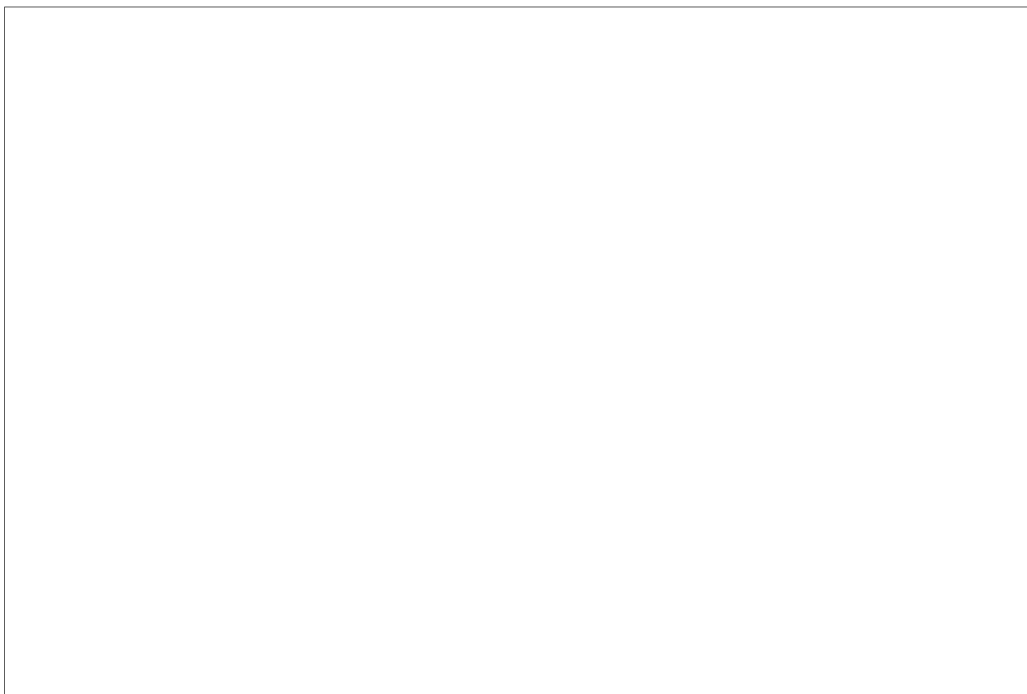
Comment: The two leaders traditionally have dissociated themselves from the nuclear policies of their respective alliances, but their joint criticism of those policies is unprecedented. It reflects their strong concern about the dangers of a new arms buildup in Europe. Ceausescu is worried that deteriorating East-West relations will lead to stronger pressures from Moscow to conform to Soviet policy. [REDACTED]

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JAMAICA: New Cabinet

Prime Minister Seaga's new cabinet is made up largely of holdovers from the previous cabinet and seems likely to do little to help solve Jamaica's problems. Although Seaga divested himself of the Mining and Energy portfolio, he retained Culture as well as Finance and Planning, and added Information to his own duties. He earlier declared he would not yield to demands from the opposition People's National Party, which boycotted the balloting, to hold elections as soon as new voting procedures are completed. Seaga proposed measures, however, to ensure that opposing views can be heard in the one-party house. [redacted]

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Comment: Seaga appears to have rejected the opportunity afforded by his victory to prune deadwood from his administration, bring in new faces, and lighten his workload. The business community, which already is criticizing Seaga's handling of economic matters, will be disappointed that the unpopular Industry and Commerce Minister has not been dismissed. [redacted]

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[redacted] both foreign and domestic investors are sitting on the sidelines because political uncertainty has created fears of civil unrest. [redacted]

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Special Analysis

IRAN: Tehran's Campaign of Terrorism

The regime of Ayatollah Khomeini views itself as at war with the US, which it regards as its principal foe and the chief enemy of all Islam. The ruling clerics believe they have a religious duty to purge the Muslim world of the influences of non-Islamic powers and to oust any government that assists efforts by the US or other Western nations to penetrate the Islamic world. The regime makes no distinction between military and civilian targets or tactics, and it increasingly appears willing to strike at its enemies' interests anywhere in the world.

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Iran's religious leaders believe US cultural influences corrupt the Islamic way of life. They also point to US support for regimes hostile to Iran as a sign that the US is trying to destroy the Islamic Republic.

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Lebanon provides an ideal setting for Iranian activity because Tehran can portray the conflict there in terms that strengthen its religiously defined view of the struggle against the US. Many Muslims identify the US with the Christian minority in Lebanon.

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The Iranians view the Multinational Force as a pawn of the US and as the main prop for continued Christian dominance. As evidence that the US is fundamentally hostile to Arabs and Muslims, they cite US strategic cooperation with Israel.

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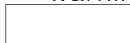
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The bombings of US and French installations in Kuwait indicate that the Iranians may attack other facilities of both countries elsewhere in the region. Iran probably also intended the incidents as warnings to leaders of Persian Gulf states to end their support of Iraq.



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Additional operations are likely, especially if Iraq intensifies its air attacks against Iran's oil export facilities.



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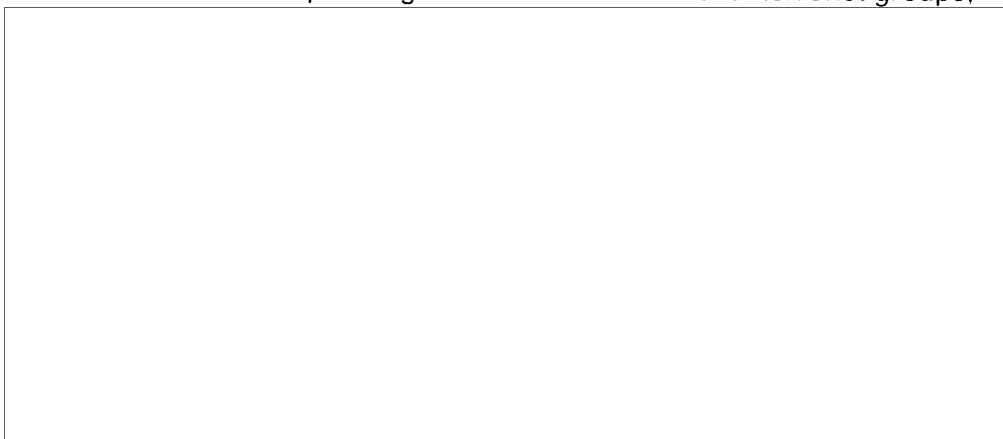
Iranian Targets Elsewhere

The Iranians appear increasingly willing to operate on their enemies' home ground. In the US, attacks against federal buildings and senior US officials are a real danger.



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Iran also is cooperating with several international terrorist groups,



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25X1**Prospects**

Iran's involvement in terrorism is likely to become more frequent and widespread because it directly supports Tehran's goal of driving Islam's enemies from the Muslim world. Moreover, an intensification of the war with Iraq is likely to push Iran into using its subversive network in the Persian Gulf states to hit back at Iraq and its Western and Arab supporters.

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Iran's ruling clerics evidently agree on the need for such activity. Ayatollah Montazeri, Khomeini's heir-apparent, as well as clerics who disagree with many of the regime's domestic proposals are deeply involved in promoting Iranian subversion.

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Iranian leaders consistently boast—in Khomeini's words—that the "US can't do a damn thing" to stop them. Tehran has made policy changes, however, when it sensed a threat to its vital interests. For example, Iran reduced its oil prices when foreign currency reserves fell low enough to jeopardize its ability to pay for the war.

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In addition, the decision to release the US hostages in late 1980 was partly caused by fear that the new US Administration would take strong action against Iran. This summer, after a year without major military successes, Tehran reacted to growing domestic concern about high casualty rates by shifting from large-scale attacks to a war of attrition.

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